

**ASIA KNIGHT BERHAD (71024-T)**

Interim financial report for the third quarter of the financial period ended 31 March 2018  
(The figures have not been audited)

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 9-MONTH FINANCIAL PERIOD ENDED 31 MARCH 2018**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31-3-2018 RM'000	CORRESPONDING PRECEDING QUARTER ENDED 31-3-2017 RM'000	CUMULATIVE PERIOD ENDED 31-3-2018 RM'000	CORRESPONDING PRECEDING PERIOD ENDED 31-3-2017 RM'000
Revenue	2,854	2,959	9,428	7,921
Cost of sales	(2,741)	(2,806)	(8,670)	(7,156)
Operating expenses	(487)	(984)	(3,784)	(2,277)
Other income	13	49	52	144
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Loss before tax	(361)	(782)	(2,974)	(1,368)
Tax expense	(36)	(46)	(36)	(46)
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Loss after tax	(397)	(828)	(3,010)	(1,414)
Other comprehensive income	-	-	-	-
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Total comprehensive income	(397)	(828)	(3,010)	(1,414)
	=====	=====	=====	=====
Loss for the financial year/period attributable to:-				
- Owners of the Company	(397)	(826)	(3,008)	(1,411)
- Non-controlling interests	-	(2)	(2)	(3)
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	(397)	(828)	(3,010)	(1,414)
	=====	=====	=====	=====
Loss per share (sen):-				
- Basic	(0.68)	(1.42)	(5.17)	(2.43)
- Diluted	(0.68)	(1.42)	(5.17)	(2.43)

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017.

**ASIA KNIGHT BERHAD (71024-T)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2018**

	As At 31-3-2018 RM'000 (Unaudited) -----	As At 30-6-2017 RM'000 (Audited) -----
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,081	2,175
<b>Current assets</b>		
Inventories	646	880
Trade receivables	2,850	2,774
Other receivables, deposits and prepayments	2,028	412
Current tax assets	9	7
Cash and bank balances	505	950
Term deposits	700	2,766
	6,738	7,789
<b>TOTAL ASSETS</b>	8,819	9,964
<b>EQUITY AND LIABILITIES</b>		
Share capital	3,597	60,597
Accumulated losses	(3,393)	(57,385)
<b>Equity attributable to the owners of the Company</b>	204	3,212
Non-controlling interests	(450)	(448)
	(246)	2,764
<b>Current liabilities</b>		
Trade payables	2,051	2,728
Other payables, accruals and provisions	7,008	4,300
Current tax liabilities	6	172
	9,065	7,200
<b>TOTAL EQUITY AND LIABILITIES</b>	8,819	9,964
Net assets per share attributable to owners of the Company (sen)	0.35	5.53

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017.

**ASIA KNIGHT BERHAD (71024-T)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE 9-MONTH FINANCIAL PERIOD ENDED 31-3-2018**

	Current period ended 31-3-2018 RM'000 (Unaudited)	Corresponding preceding period ended 31-3-2017 RM'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(2,974)	(1,368)
Adjustments for:-		
Depreciation	304	297
Interest income	(34)	(125)
Gain on disposal of property, plant and equipment	-	(2)
	(2,704)	(1,198)
Changes in:-		
Inventories	234	66
Receivables and prepayments	(1,692)	(327)
Payables	1,866	(100)
Cash absorbed by operations	(2,296)	(1,559)
Tax paid	(39)	(273)
Net cash used in operating activities	(2,335)	(1,832)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	34	125
Proceeds from disposal of property, plant and equipment	-	2
Purchase of property, plant and equipment	(210)	(675)
Net cash used in investing activities	(176)	(548)
Net decrease in cash and cash equivalents	(2,511)	(2,380)
Cash and cash equivalents at beginning of period	3,716	6,896
Cash and cash equivalents at end of period	1,205	4,516
<b>CASH AND CASH EQUIVALENTS COMPRISES OF THE FOLLOWINGS:-</b>		
Term deposits	700	3,547
Cash and bank balances	505	969
	1,205	4,516

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017.

ASIA KNIGHT BERHAD (71024-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 9-MONTH FINANCIAL PERIOD ENDED 31-3-2018

	Share capital	Capital reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 01-07-2017	60,597	-	(57,385)	3,212	(448)	2,764
Loss for the financial period	-	-	(3,008)	(3,008)	(2)	(3,010)
Capital reduction*	(57,000)	-	57,000	-	-	-
Balance as at 31-3-2018	3,597	-	(3,393)	204	(450)	(246)

	Share capital	Capital reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 01-07-2016	58,133	2,464	(55,922)	4,675	(444)	4,231
Loss for the financial period	-	-	(1,411)	(1,411)	(3)	(1,414)
Transfer of capital reserve	2,464	(2,464)	-	-	-	-
Balance as at 31-3-2017	60,597	-	(57,333)	3,254	(447)	2,817

Note:

- \* *The High Court of Malaya at Kuala Lumpur had on 19 March 2018 granted an order confirming the capital reduction and the seal order was then lodged with the Registrar of Companies on 26 March 2018, following which the capital reduction became effective and was deemed completed.*

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017.

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE 9-MONTH FINANCIAL PERIOD ENDED 31-3-2018**

**Part A: Explanation notes**

A1. Basis of preparation

The unaudited interim financial report has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to this interim financial report.

The significant accounting policies and method of computation adopted for the interim financial report were consistent with those adopted for the audited financial statements for the financial year ended 30 June 2017 except for the adoption of the following MFRSs:

Descriptions	Effective for financial periods beginning on/or after
Amendments to MFRS 107 Disclosure Initiative	1 January 2017
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 12 Disclosure of Interests in Other Entities	1 January 2017

The adoption of the above MFRSs did not have any significant impacts on the interim financial report of the Group.

A2. Seasonality or Cyclicity of Operations

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

A3. Unusual Items Due to Their Nature, Size or Incidence

Save for the corporate proposal as disclosed in Section B6 below, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the current quarter under review.

A4. Significant Estimates and Changes in Estimates

There were no changes in estimates of amounts reported in prior interim period of current financial year or change in estimates of amounts reported in prior financial year.

A5. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

A6. Dividends Paid

No dividend was paid during the current quarter under review.

A7. Segment information

Operating Segments

Information about operating segments has not been reported separately as the Group’s revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacture of moulded plastic products.

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**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE 9-MONTH FINANCIAL PERIOD ENDED 31-3-2018**

A7. Segment information (cont'd)

Geographical Information

The Group operates principally in Malaysia and generates income in Malaysia.

A8. Material/Unusual Nature Transactions or Events

Save for the regularisation plan as disclosed in Section B6 below, there were no items, transactions or events of material and/or unusual nature has arisen which would affect substantially the results of the Group and of the Company's operations subsequent to the end of the current quarter.

A9. Changes in Composition

There were no significant changes in the composition of the Group during the current quarter under review.

A10. Contingent Liabilities

Save for a corporate guarantee of RM2.00 million in favour of a supplier for provision of goods to our wholly-owned subsidiary, the Group has no contingent liabilities, which upon crystallisation, would have any material effect on the financial and business position of the Group.

A11. Contractual Commitments

The Group has no material contractual commitment in respect of property, plant and equipment as at the end of current quarter under review.

A12. Significant Related Party Transactions

There were no significant related party transactions during the current quarter under review.

A13. Financial Instruments

Derivatives

There were no outstanding derivatives as at 31 March 2018.

Fair Value Changes of Financial Liabilities

The Group does not remeasure its financial liabilities at fair value after the initial recognition.

Fair Value

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

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**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE 9-MONTH FINANCIAL PERIOD ENDED 31-3-2018**

**Part A: Explanation notes**

A13. Financial Instruments (cont'd)

Fair Value (cont'd)

As at end of the current quarter under review, the carrying amounts of receivables, cash and cash equivalents and payables which are short-term in nature or repayable on demand are reasonable approximations of fair values.

There were no transfers between levels of fair value hierarchy during the current quarter under review.

NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE 9-MONTH FINANCIAL PERIOD ENDED 31-3-2018

**Part B: Additional information required by Bursa Securities Listing Requirements  
For the 9-month financial period ended 31 March 2018**

B1. Review of performance

	INDIVIDUAL QUARTER				CUMULATIVE PERIOD					
	CURRENT QUARTER ENDED 31-3-2018 RM'000	CORRES- PONDING PRECEDING QUARTER ENDED 31-3-2017		RM'000	%	CUMULATIVE PERIOD ENDED 31-3-2018 RM'000	CORRES- PONDING PRECEDING PERIOD ENDED 31-3-2017		RM'000	%
		RM'000	RM'000				RM'000	RM'000		
Revenue	2,854	2,959	(105)	(3.55)	9,428	7,921	1,507	19.03		
Loss before tax	(361)	(782)	421	53.84	(2,974)	(1,368)	(1,606)	(117.40)		
Loss for the financial period	(397)	(828)	431	52.05	(3,010)	(1,414)	(1,596)	(112.87)		
Loss attributable to owners of the Company	(397)	(826)	429	51.94	(3,008)	(1,411)	(1,597)	(113.18)		

Current quarter vs Corresponding preceding quarter

The Group recorded loss before tax of RM0.361 million in the current quarter compared to the loss before tax of RM0.782 million in the preceding year corresponding quarter. The revenue of the Group for the current quarter was RM2.854 million against the revenue of RM2.959 million in the preceding year corresponding quarter. The Group's revenue declined by 3.55% or RM0.105 million for the current quarter mainly due to lower demand from customers. The lower loss before tax for the current quarter by 53.84% or RM0.421 million was mainly due to lower operating expenses incurred.

Current cumulative period vs corresponding preceding cumulative period

The Group recorded loss before tax of RM2.974 million in the current cumulative period compared to the loss before tax of RM1.368 million in the corresponding preceding cumulative period. The revenue of the Group for the current cumulative period was RM9.428 million against the revenue of RM7.921 million in the corresponding preceding cumulative period. The Group's revenue increased by 19.03% or RM1.507 million for the current cumulative period mainly due to the increase in demand and production capacity. The higher loss before tax for the current cumulative period by 117.40% or RM1.606 million was mainly due to higher professional fees incurred in relation to the regularisation plan.

B2. Review of performance

Comparison between Current Quarter and Immediate Preceding Quarter

	INDIVIDUAL QUARTER		VARIANCE	
	CURRENT QUARTER ENDED 31-3-2018 RM'000	IMMEDIATE PRECEDING QUARTER ENDED 31-12-2017 RM'000	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	2,854	3,038	(184)	(6.06)
Loss before tax	(361)	(2,113)	1,752	82.92
Loss for the financial period	(397)	(2,113)	1,716	81.21
Loss attributable to owners of the Company	(397)	(2,111)	1,714	81.19



**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE 9-MONTH FINANCIAL PERIOD ENDED 31-3-2018**

B2. Review of performance (cont'd)

Comparison between Current Quarter and Immediate Preceding Quarter

During the current quarter, the Group recorded revenue of RM2.854 million and loss before tax of RM0.361 million as compared to the revenue of RM3.038 million and loss before tax of RM2.113 million in the immediate preceding quarter. The Group's revenue declined by 6.06% or RM0.184 million mainly due to lower demand from the customers. The Group also recorded lower loss before tax by 82.92% or RM1.752 million mainly owing to lower professional fees incurred in relation to the regularisation plan.

B3. Prospect of the Group

The Group is expected to improve with the completion of the rights issue and the acquisition of Rapid Growth Technology Sdn Bhd ("RGT") in May 2018, in light of the growing demand for plastic products. RGT has a track record of approximately 20 years in the manufacturing of moulded plastic products. Its continued success in securing multinational corporations as its customers is evidence of its reputation as a reliable plastic injection moulded /manufacturing service provider.

B4. Variance of the actual profit from forecast profit.

The Company did not issue profit forecast in any form of public documentation and announcement.

B5. Tax expense

	Current quarter ended 31-3-2018 RM'000	Cumulative period ended 31-3-2018 RM'000
Under provision in prior year	<u>(36)</u>	<u>(36)</u>

The effective tax rate of the Group was lower than the statutory tax rate of 24% as the Group was in a loss position. In addition, the Group has unabsorbed capital allowances, unabsorbed reinvestment allowances and unutilised tax losses to be set-off against taxable profit.

B6. Status of corporate proposal

Regularisation Plan

The Company is an Affected Listed Issuer pursuant to Paragraph 2.1(d) of the Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as the Company's previous Auditors have expressed disclaimer opinion in the Company's latest audited financial statements for the 18 months financial period ended 30 June 2014. Based on the Company's audited financial statements for the financial year ended 30 June 2015, the Company has also triggered Paragraph 2.1(a) of the Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("PN 17 status").

The Company had on 14 August 2017 announced the regularisation plan to rectify its PN17 status, which comprised of capital reduction, rights issue with warrants and acquisition. The regularisation plan was approved by Bursa Malaysia Securities Berhad on 23 November 2017 and by shareholders at an extraordinary general meeting of the Company on 17 January 2018.

Subsequently, the capital reduction and the rights issue were completed on 26 March 2018 and 21 May 2018 respectively. The whole regularisation plan included the acquisition of RGT had been completed on 22 May 2018.

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### NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 9-MONTH FINANCIAL PERIOD ENDED 31-3-2018

#### B7. Borrowings

There were no borrowings as at the end of current quarter under review and as at the date of this report.

#### B8. Material Litigation

##### (a) Tenaga Nasional Berhad (“TNB”) vs Asia Knight

TNB has filed an action against Asia Knight at the Shah Alam High Court for RM1,642,803.57 as at 13 September 2013 being outstanding electricity bills as indicated in TNB’s running account.

Asia Knight has made an application to transfer the proceeding to the Kuantan High Court and the Shah Alam High Court has granted the application on 7 January 2014. The Kuantan High Court has conducted trial and on 5 February 2016 dismissed TNB’s claim with cost of RM40,000.00. TNB filed an appeal dated 29 February 2016 at the Court of Appeal at Putrajaya, appealing against the decision of the High Court. The appeal has been allowed by the Court of Appeal on 20 February 2017 and the High Court Order dated 5 February 2016 has been set aside.

In response to the above, Asia Knight filed an application for leave to appeal against decision of the Court of Appeal on 16 March 2017. The Federal Court had on 24 April 2018 dismissed our application for leave to appeal with cost of RM10,000 to be paid by Asia Knight. Consequently, the judgement of the Court of Appeal is affirmed whereby the Company is ordered to pay TNB the claim sum of RM1,642,803.57 together with interest of 5% per annum from date of judgement to date of settlement and cost of RM20,000. Save for the cost and interest, provision for the amount claimed had been made in our book.

##### (b) T-Venture vs Menteri Kewangan Malaysia and Pengarah Kastam Negeri Selangor (“Selangor Customs”) High Court; and Kerajaan Malaysia vs T-Venture, Wong Tze Peng, See Teck Wah, See Han Liong, Andrew Su Meng Kit and Ch’ng Huat Seng, Shah Alam Session Court

On 5 August 2015, T-Venture was served with two notices of demand from the Selangor Customs for the recovery of purported unpaid import duties and sales tax amounting to RM714,751.27 and RM273,804.52 respectively. On 25 August 2015, T-Venture appealed to the Director General of Customs against the said claim and on 7 September 2015, T-Venture was informed by the Selangor Customs that the import duty claim was revised to RM719,751.27 (instead of RM714,751.27). Subsequently on 2 December 2015, T-Venture was also informed by the Selangor Customs that the sales tax claim was revised to RM242,694.03 (instead of RM273,804.52).

Pursuant to the appeal dated 25 August 2015 to the Director General of Customs against the claims raised by the Selangor Customs we subsequently received a reply from the Ministry of Finance (“MOF”) through its letter dated 13 April 2016 rejecting T-Venture’s appeal. T-Venture on 31 May 2016 re-appealed the same to the MOF and was rejected vide their letter dated 15 August 2016 (received on 22 August 2016).

T-Venture had on 14 November 2016 filed an application for leave for judicial review to the Shah Alam High Court, seeking, amongst others, an Order of certiorari to quash the decision of MOF in rejecting the appeal made by T-Venture against the claim raised by Selangor Customs in respect of import duties and sales tax. On 2 June 2017 the application for Judicial Review was heard and on 13 July 2017 the High Court delivered judgement and dismissed the application with costs. T-Venture has filed an appeal to the Court of Appeal against the decision of the High Court, however the appeal was later discontinued because the similar matter was heard and disposed at the Session Court in Shah Alam.

On 2 December 2016 (date of sealed copy), the Malaysia Government had filed a writ of action for the recovery of the duty/tax payable on the similar matter in the Session Court claiming RM709,783.29 and RM242,694.03 for the purported unpaid import duties and sales tax respectively and all the directors at the material time were named as defendants together with T-Venture. Provision for the amount claimed had been made in our book.

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**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE 9-MONTH FINANCIAL PERIOD ENDED 31-3-2018**

B8. Material Litigation (cont'd)

A trial at the Session Court on 6 February 2018, the Court has decided in favour of Kerajaan Malaysia. T-Venture had filed an appeal to the High Court against the decision of the Session Court. The matter is now fixed for further case management on 31 May 2018 pending filing of the supplemental record of appeal containing the notes of proceedings, ground of judgement and the fair judgement.

Save as above, neither the Company nor any of its subsidiary companies is involved in any material litigation as at the latest practicable date, which has a material effect on the financial position of the Group.

B9. Dividends

The Board of Directors does not recommend any payment of dividend.

B10. Loss per share

The basic loss per share is calculated by dividing the net loss in the current quarter and cumulative quarter attributable to owners of the Company by 58,132,908, being the weighted average number of ordinary shares as at current quarter end and for the cumulative quarter ended 31 March 2018.

The diluted loss per share equals the basic loss per share as there were no dilutive potential ordinary shares.

B11. Loss before tax

The following relevant amounts have been included in arriving at loss before tax:

	Current quarter ended 31-3-2018 RM'000	Cumulative current period ended 31-3-2018 RM'000
(a) Depreciation	(104)	(304)
(b) Interest income	4	34
(c) Loss on foreign exchange	(10)	(44)

Save for the above, the other items as required under Paragraph 16, Part A, Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

BY ORDER OF THE BOARD  
30 May 2018